

Senator Elizabeth Warren and Ranking Member Sherrod Brown
Questions for the Record
Nomination hearing of Ms. Kathleen Laura Kraninger, of Ohio, to be Director, Bureau of
Consumer Financial Protection; and Ms. Kimberly A. Reed, of West Virginia, to be
President of the Export-Import Bank.
July 19, 2018

For Ms. Kraninger

Supervision, Enforcement and Fair Lending

1. Last week, you testified that “regulation by enforcement . . . is not appropriate, and something that we would not engage in.” What does that mean?
 - a. If you are confirmed, will CFPB open new investigations under its Unfair, Deceptive, Abusive Acts and Practices enforcement authority? If so, what criteria would you use to determine whether to open these investigations?
 - b. If you are confirmed, will CFPB continue to negotiate settlements or file lawsuits under its Unfair, Deceptive, Abusive Acts and Practices enforcement authority? If so, what criteria would you use to determine whether to negotiate settlements or file lawsuits?
 - c. If you are confirmed, will CFPB continue to prosecute lawsuits already brought under its Unfair, Deceptive, Abusive Acts and Practices enforcement authority? If so, what criteria would you use to determine whether to prosecute lawsuits?

Operations

2. In nominating you, the White House touted your experience in managing agencies’ budgets, including “the Bureau of Consumer Financial Protection.” The Administration’s FY2019 budget request contemplated a 23% cut in the Bureau’s budget authority from 2019 projected levels.
 - a. What specific cuts did you envision to meet that budget target?
 - b. If you did not have specific budget cuts in mind, how did you determine that a 23% cut was appropriate and consistent with fulfilling the Bureau’s mission?
3. When Senator Tester asked you whether you intended to keep political appointees, you volunteered that you would be open to dismissing civil servants, saying “I’m going to take every staff member individually, have a conversation with them to understand what they’ve been working on and what they’d like to continue to work on, and – but I have not prejudged having political or career staff continue.”
 - a. Which career staff do you intend to interview?
 - b. What rubrics will you use to evaluate them?
 - c. Do you commit to complying with NTEU-CFPB collective bargaining agreement in reassigning or pursuing personnel action against any bargaining unit employee?

- d. Do you commit to complying with all civil service laws in reassigning or pursuing personnel action against any non-bargaining unit civil servant?
- 4. Typically, independent regulators have modest political staffs. Some regulators, such as the Office of the Comptroller of the Currency, have no Schedule C appointees of any kind. No other financial regulator has Schedule C appointees in charge of regional offices or regulatory functions, and only one -- the Commodity Futures Trading Commission - has a political head of enforcement. None has a political General Counsel.
 - a. Do you think it is appropriate that OMB Director Mulvaney has deviated from the typical practice for independent financial regulators and added more than ten political appointees to the CFPB in senior roles?
 - b. Will you commit to removing these new political appointees and depoliticizing the agency as it was under former Director Cordray?

Accountability

- 5. Other than the CFPB, there are four other federal banking regulatory agencies: the OCC, the Federal Reserve, the FDIC, and the NCUA.
 - a. Are any of these other banking regulatory agencies funded through the congressional appropriations process?
 - b. Are “major” rules issued by any of these other banking regulatory agencies subject to congressional approval before they take effect?
- 6. Since the CFPB was created by Congress, how many reports relating to the CFPB has the Federal Reserve’s Inspector General issued?
- 7. The CFPB Director must testify before Congress four times a year. Are the heads of the OCC, FDIC, and NUCA subject to a similar requirement?
- 8. The CFPB’s rules may be vetoed by the Financial Stability Oversight Council (FSOC). Are rules issued by any of the other banking regulators subject to an FSOC veto?

Research, Markets and Regulations

- 9. In your opening statement, you said that you would prioritize ensuring that the Bureau makes “robust use of cost benefit analysis” as required by Congress. As you correctly identified, Dodd-Frank requires CFPB rules to undergo cost-benefit analysis, which the Bureau has done for every CFPB rule that has been finalized.
 - a. What, if any, shortcomings have you identified in the cost-benefit analyses that have accompanied CFPB rules?
 - b. Do you support OMB Director Mulvaney’s proposal that CFPB establish a redundant office of cost-benefit analysis within the Office of the Director?
- 10. You say in your testimony that the “the bureau would limit data collection only to what is required under law and is necessary to carry out its mission and ensure that the data is protected.” What data that the Bureau now collects will no longer be collected under this standard? For the categories of data that the agency collects, please refer to the Government Accountability Office’s 2014 report titled *Consumer Financial Protection*

Bureau: Some Privacy and Security Procedures for Data Collection Should Continue Being Enhanced.

11. In your testimony and in response to questions from Senator Toomey, you expressed the importance of the Administrative Procedure Act rulemaking process, including notice and comment. The CFPB's rule on Payday, Vehicle Title, and Certain High-Cost Installment Loans used was promulgated using that process. Agency staff considered more than a million comments over five years and the final rule had significant differences from the proposal. But, before the rule was ever able to meaningfully go into effect, the CFPB under OMB Director Mulvaney announced his intent to revisit it.
 - a. Do you support revisiting the payday rule? If so, please describe the specific defects with the notice and comment process for the first payday rulemaking. If not, how do you reconcile your view of the importance of the notice and comment process with your willingness to reopen a rule that has gone through notice and comment but hasn't been allowed to go into effect?

Miscellaneous

12. OMB Director Mulvaney has been in charge of the CFPB for eight months. Can you identify any actions he has taken that you disagree with and explain why you disagree with them?
13. You told the Committee that your first priority would be to make sure the CFPB is "transparent and fair, ensuring its actions empower consumers to make good choices and provide certainty for marketplace participants." The Bureau is required by Dodd-Frank to accept complaints from individual consumers and since its launch has made these complaints public, providing increased transparency to the marketplace. Information gleaned from the database has empowered consumers to make more informed choices in the financial marketplace, provided businesses with insight into potential partners and allowed researchers to have real-time insight into trends in the market. The transparency has also incentivized financial institutions to be responsive to their customers. Despite this, OMB Director Mulvaney has threatened several times to take down the public-facing consumer complaint database, hiding this crucial information from those who can use it.
 - a. Will you commit to keeping the database public? If not, please explain how it would be more "transparent" or how it would "empower consumers" to hide this information from them?